

August 2, 2001

To CR Kendall Mine Area Residents:

The Department of Environmental Quality (DEQ) would like to take this opportunity to brief you on the status of the Kendall Mine reclamation. As many of you are aware, in February of this year the DEQ and Canyon Resources entered into an agreement whereby the reclamation bond money dedicated to the CR Kendall Mine was made available to DEQ. Canyon Resources remains responsible for all water management on the mine site, however. The DEQ retained the services of a third-party engineering firm in April to prepare the necessary bid documents and contracts in anticipation of work beginning this summer. The DEQ is currently concentrating on two aspects of reclamation at the site: (1) the reclamation cover, and (2) water management.

Surface Reclamation

In the course of preparing the bid documents, additional test work was performed on the subsoil and topsoil stockpiles, looking at soil textures, fertility and chemical characteristics. Samples and tests were also conducted on the leach pad material and areas that have already been reclaimed. The intent of this investigation is to ascertain the most beneficial and cost effective approach to covering the remaining unreclaimed areas. The currently approved reclamation cover calls for 19 inches of subsoil overlain by 17 inches of topsoil (see "Environmental Analysis of Revised Bond Calculations for the CR Kendall Mine", June 2000). Once the soil and vegetation test results are received from the lab, the DEQ will look at how best to reclaim the remaining areas, and whether additional work needs to be done on the already reclaimed areas. Possible measures that could be taken include a modified cover design whereby only the topsoil dressing is applied, addition of organic supplements (e.g., manure or wood chips), fertilizers, or a different seed mix. The DEQ will prepare a report (environmental assessment) if changes are made (and it appears likely there will be changes), and the environmental assessment will be available for your review and comment prior to any action being taken.

Water Management

CR Kendall has applied for permission from the Department of Natural Resources (DNRC) and the Bureau of Land Management (BLM) to construct surface water capture systems above the mine in the Mason Canyon and Little Dog Creek drainages. Currently surface water runoff infiltrates into the ground before it gets to the mine boundary. Water from the capture systems would be piped across mine property and discharged into the drainage bottoms below the mine. This would allow more surface flow than currently

exists in these drainages below the mine. DEQ has approved these plans contingent on DNRC and BLM approval. CR Kendall continues to try to secure the necessary authorization from the DNRC and the BLM for the construction of these systems as of this writing. The mine hopes to have them in place sometime over the summer.

CR Kendall is also constructing a water line from its ponds at the mine to a point below the mine along the public access road. This water will be available for local stockmen's use, and the water line will have a valve and spigot so that water tanks can be filled. The water is from pump back systems at the mine, and meets stock water quality standards (see enclosure). A copy of the water quality analysis is included with this letter. Another water line from the South Fork pump back system is being built to supply a downstream rancher with stock water. Both of these actions have been approved by DEQ.

Next Steps

The Department had hoped to be farther along on reclamation and certain water management issues by this time, but the necessity for conforming to certain procedural requirements continues to slow the process. Nonetheless, we intend to begin surface reclamation this year, by late summer at best, but more likely in the fall. We are also hopeful that CR Kendall will have the stock water system available by the end of the month, and that the capture systems will be constructed during the summer as well.

As stated above, the Department will prepare an environmental assessment addressing any changes in the reclamation cover plan. We hope to have the environmental assessment completed by the end of the summer so that reclamation may still commence in the fall. We would like to meet with the surrounding Kendall mine area residents once the environmental assessment is complete and you have had the opportunity to review the document. The DEQ will notify you of the time and place as soon as possible.

Sincerely,

Warren D. McCullough, Chief
Environmental Management Bureau

Enclosure

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